MAY 30, 1966

SPAIN AND DENMARK FEEL FARM TRADE SQUEEZE

SURVEY OF SWEDISH MARKET

U.S. FOOD PROMOTION AT MANCHESTER, ENGLAND

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

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MAY 30, 1966

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In Manchester, California canned fruits and cake mixes attract British housewives at a top department store, Lewis's—one of 420 in-store promotions accompanying the U.S. Food Show at Annual Grocers' Exhibition.

Contents

3 Spain and Denmark Feel Farm Trade Squeeze

5 French Charolais Cattle Released From Canadian Quarantine

6 India's Food Dilemma Stems From Too Many People

7 USDA Study Analyzes Long-Run Trends in U.S. Exports of Cotton

8 Survey Finds Sweden To Be a Potentially Good Market for Numerous U.S. Agricultural Products

10 U.S. Food Firms End Big 420-Store And Exhibit Promotion at Manchester

11-15 World Crops and Markets (Commodity index on page 15)

16 Highlights of the Agriculture and Trade of France

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SPAIN and DENMARK Feel FARM TRADE Squeeze

By HARRY W. HENDERSON
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American farmers who are concerned about export outlets in the European Economic Community may be sure of one thing: they have fellow worriers in Spain and Denmark. Spanish and Danish producers already have felt the pinch of EEC trade restrictions on some of their farm product exports. Moreover, they have an uneasy feeling that forthcoming decisions on meats, dairy products, and other agricultural items will almost certainly create new problems for them.

Last fall Spain was greatly alarmed about an EEC proposal that would have meant sharply higher EEC import charges on citrus fruit—Spain's leading farm crop. Spain was concerned, not only because the higher levies would have cut exports and reduced incomes for farmers but also because the country urgently needs the foreign exchange that citrus fruit (mainly oranges) earns abroad. Spanish newspapers devoted much space to the problem, referring to it as "la guerra de las naranjas"—the orange war. Israel, Tunisia, Morocco, and Algeria joined Spain in vigorous protest.

Orange war tension has subsided somewhat. To date, the EEC has not subjected imported citrus to compensatory taxes under the new reference price system that went into effect December 1, 1965. Behind the EEC decision not to levy taxes was the certain knowledge that they would mean sharply higher prices to consumers—a prospect especially distasteful to West Germany, the Netherlands, and Belgium. Possibly influencing the decision was the fact that the EEC's solitary citrus-producing member—Italy—accounts for only a small share of the Community's requirements. In 1963, for example, imports of Italian oranges by the other five EEC member countries accounted for only about 4 percent of total requirements. Protests by Spain and other non-EEC citrus-growing countries in the Mediterranean area could well have affected the decision.

New EEC measures drafted

The EEC now has drafted new proposals. As finally revised, these would provide for (1) a compensatory tax on imported citrus only when citrus prices fall at least 15 percent below an applicable reference price, and (2) a system of subsidies to Italian exporters. The new proposals are only in the discussion stage. Their final approval is problematical. In the meantime, the high reference prices set by the EEC last year are still in effect. The possibility that they will be implemented after all, through a special levy, still hangs over the Spanish citrus industry like a Sword of Damocles.

Spain is being careful not to jiggle the sword. The government is controlling both the quantity and the quality of its fruit shipments to the EEC through a Citrus Export Regulating Committee. Nevertheless, Spain has had a good export season. Shipments to all destinations are up 11 percent from a year earlier—and prices are 30 percent

Spanish olives, being harvested above, and citrus, like oranges above right, are feeling the squeeze of the EEC's import restrictions, as is Danish poultry, right.

higher. The citrus industry is pleased at the way things turned out, because the 1965 crop was a record of 61.8 million boxes, of which 58.9 million were oranges.

Spain and other Mediterranean suppliers have been finding new markets, especially in Eastern Europe. For example, a Spanish-Soviet special transaction, concluded in late November, provided for an exchange of Spanish oranges for Soviet products. As of April 10, exports to the USSR totaled more than 500,000 boxes of 84 pounds each. It also has been reported that there might be a further exchange of Spanish oranges for Soviet crude oil and other goods.

Spain also has been having olive oil troubles with the EEC. Last fall the Italian Government decided to extend for another season its "patentino"—an extra duty of 200 Italian lire per kilo (14½ cents a pound) on imported olive oil. Spanish producers are dismayed, because the extra duty not only reduces demand for oil in Italy, their leading export outlet, but also encourages Italian producers to increase their own output.

Hopes to join EEC

The EEC's agricultural import policies confront Spain with a delicate problem.

Spain hopes to become a member of the EEC. According to Laureano Lopez Rodo, Spanish Minister in Charge of the Economic Development Plan, "Spain is enthusiastically readying herself to face this reality. She sees that the idea of European integration represents a formidable challenge for her as well as a gamut of rich possibilities."

Señor Lopez Rodo points out that the EEC, which enjoys a favorable trade balance in Spain, also would gain from his country's admission as a new member. In 1964 Spain imported $812 million worth of goods from the EEC as compared with exports of $371 million worth of products to the EEC. As Spain's economy continues to expand, it promises to become an even better market for the EEC.

The balance of trade gives Spain considerable leverage in dealing with the EEC's agricultural protectionism. In short, the EEC runs the risk of retaliation if it pushes Spain too far on citrus or other farm products.

Last fall, when orange war tension was at its height, Spanish Minister of Commerce, Faustino García-Monco, sounded a warning: "An excessively protectionist policy on the part of the EEC would be damaging to us (Spain) in an important manner."

Then he added, "To offset the additional instability that EEC agricultural regulations may cause in our balance of trade, we might perhaps be compelled to introduce certain limitations on a number of imports."

Import limitations—a last resort

But Spain probably would limit imports only as a last resort—and then with the greatest reluctance. Spain, of course, would wish to avoid any action that might prejudice its bid for EEC membership. But that doesn't tell all the story. Spain since 1959 has been following outward-looking policies on monetary matters, economic development, and trade. In keeping with its more progressive outlook on trade, Spain—a signatory to the General Agreement on Tariffs and Trade—has been accelerating the rate of trade liberalization. In 1964, over 60 percent of Spain's imports came from the free list.

For Denmark, like Spain, an expanding agricultural trade with the EEC would be highly desirable. In the EEC's backyard, Denmark produces substantial supplies of various livestock products for which it needs foreign outlets. The EEC, however, has been a disappointing, contracting export market for Danish eggs and poultry. And the Danes have apprehensions about cheese, beef, and veal.

Denmark has been hit particularly hard by high EEC import charges on eggs. Danish exports of eggs to the Community have dropped from 67,100 metric tons in 1960 to 17,600 in 1965.

And Denmark, like the United States, has been seriously hurt by the EEC's poultry meat regulation, which provides a complex protective system based on a gate price and supplemental fee, plus a variable levy. Danish exports of poultry to the EEC (mainly West Germany) dropped from 43,000 metric tons in 1961 to only 14,500 in 1965.

Denmark, again like the United States, has had to step up poultry marketing efforts in other countries to offset decreased exports to the EEC. These efforts have met with some success.

The only country that can meet the United Kingdom's rigid regulations with respect to Newcastle disease, Denmark expanded poultry sales in that market from 3 million pounds in 1963 to 27 million in 1965. When alarmed U.K. producers protested, the British Government limited 1966 Danish poultry imports to about 16.5 million pounds. Denmark also has increased its poultry sales in such non-EEC markets as Switzerland, Austria, Japan, Hong Kong, and Malaysia.

Two-price system credited

Denmark's ability to break into new markets traces in considerable degree to its two-price system for poultry, which is also used for eggs, pork, beef, veal, and dairy products. This system establishes two markets for poultry, domestic and export, and provides a separate pricing method for each. All poultry sold at retail in the home market is subject to a home market fee. Poultry marketed abroad is exempted from the fee. The returns from both markets are pooled and the poultry producer receives a single "blended" price. Because of the higher price charged Danish consumers, Denmark can offer poultry to foreign buyers at prices which give Denmark a competitive edge over even such an efficient poultry producer as the United States.

The subsidy virus has been catching. Other poultry producing countries, including some EEC members, also have subsidized their poultry exports. U.S. poultry producers protested when they saw subsidized, low-priced poultry crowding their product out of traditional markets. For 10 months the United States took part in trade discussions aimed at persuading other exporting countries to discontinue or modify their subsidy practices. Last fall, after the trade talks brought no results, the United States initiated a limited subsidy program of its own aimed at regaining for American producers a historical share of such markets as Switzerland and Austria, which the United States had played a major role in developing.

Though the two-price system helps open up foreign markets, it has some drawbacks for Danish consumers. An obvious one, of course, is the increased price, which not only raises the cost of living for Danes but also tends to decrease consumption of livestock products. (Surprisingly, most consumers have accepted without complaint a system

under which they help to finance agricultural exports; generally speaking, they have "bought" the argument that farmers' incomes have been lagging behind earnings of other workers and need bolstering.)

Some Danish economists, moreover, see a connection between the two-price system and Denmark's nagging inflation, which has persisted despite credit curbs, increased taxes, and other government measures. The economists trace cause and effect this way:

The consumer price index is affected by prices of food. Livestock products have a weight of almost 14 percent in the index, and their prices, pushed upward more than normally by the two-price system, have increased 47 percent since 1958. Livestock product prices, of course, have played a role in the overall increase of about 35 percent in the index. Cost of living allowances for labor are tied to the consumer price index in Denmark as in many other countries. Prices of livestock products, therefore, affect the level of wages paid labor—one of the major factors in Denmark's upward spiral of inflation. Wage rates have advanced 90 percent since 1958.

EEC policies partly responsible

It would be idle to imply that the EEC's agricultural policies are solely responsible for Denmark's inflation problem. Inflation in Denmark, as in other industrialized countries, is a result of many forces. But the EEC's import policies with respect to agricultural products unquestionably have created problems, which have made it more difficult for the nation to control its inflation spiral.

Danish farm organizations, dissatisfied with their foreign market situation, would like to see their country join the EEC. But there's a major hitch. The principal political parties would join only if Great Britain, Denmark's partner in the European Free Trade Association (EFTA) and a good customer to boot, also can join.

Denmark applied for EEC membership at one time, but hasn't actively pursued its request since the French veto of Britain's membership bid in 1963. In this connection, Danes may have been encouraged by a report last fall that French President de Gaulle now feels that "the conditions that in the past had obstructed the rapprochement of Britain with Continental Europe" are easing.

Time obviously brings changes—in attitudes, in policies, in programs.

Market patterns forced to change

The effects of changes in the EEC's import policies have, as noted, spread outward like ripples on a pond. EEC policies are altering Spain's marketing patterns for oranges and threaten to do so for olive oil. They have forced Denmark to seek new and sometimes distant markets—and to modify its pricing system in ways that affect not only other agricultural exporting nations but the internal economy of the country. Future EEC import policies are likely to create new ripples.

But time also may bring changes in the protectionist tendencies that now shape the EEC's agricultural import policies. Pressure for high-quality farm products, at reasonable prices, is increasing within the EEC as elsewhere as populations expand and purchasing power rises. This pressure for an equilibrium between international demand and supply may well bring an era in which agricultural trade moves much more freely than it does today.

French Charolais Cattle Released From Canadian Quarantine

The first French cattle to enter Canada in this century were released from their 6-month quarantine early this month for shipment to farms throughout the country.

Of the 113 Charolais cattle originally brought to Canada's Grosse Ile quarantine station, 109 were discharged. One died from natural causes (bowel torsion), two failed to pass the T.B. test, and one—in the last series of tests for foot-and-mouth disease—showed an atypical reaction for antibodies in one of the four different tests. Although there is no question of the latter's freedom from infection, it could not be declared negative because of the stringency of the quarantine's terms.

Maximum precautions taken

According to the Canadian Department of Agriculture, "The entry of these cattle into the country was made possible by greatly improved control of foot-and-mouth and other livestock diseases in France, newly perfected disease-testing procedures, and the establishment of a maximum security quarantine station at Grosse Ile."

Cattle imported into Canada from France must meet stringent requirements and undergo a multitude of tests. Among the regulations:

- The area from which the animals originate must have been free of foot-and-mouth disease for at least 9 months.
- Only calves under 9 months of age that have not been vaccinated against foot-and-mouth are eligible.
- Herds of origin must be examined by a veterinarian of the Canadian Department of Agriculture, and the individual animals offered for export must undergo a series of tests before they are permitted to move to the French quarantine station at Brest. Tests include those for tuberculosis, brucellosis, leucosis, leptospirosis, Johne's disease, and foot-and-mouth disease.

More tests at Grosse Ile

- At Brest, the calves must undergo daily clinical examination and a further test for foot-and-mouth. If they are healthy at the end of this month-long quarantine, they may be moved to the Grosse Ile station.
- A minimum quarantine of 3 months is required at Grosse Ile, during which the cattle undergo the same tests as on the farms of origin; they are also given a biological test for blue-tongue disease.
- After release from Grosse Ile, the cattle must be quarantined for another 90 days on the premises of their new owners where they are inspected regularly by veterinarians from the Department of Agriculture.

Before distribution, the cattle were taken to Quebec City for an exhibit attended by numerous Canadian and U.S. cattlemen; they were then shipped to new owners in six Provinces, with the majority going to farms in Alberta and Saskatchewan. —Dispatch from RICHARD H. ROBERTS
U.S. Agricultural Attaché, Ottawa

India's Food Dilemma Stems From Too Many People

From 1951 to 1961 India's population increased by more than one-fifth to nearly 440 million, and predictions are that it will reach 560 million by 1971

By ROSS L. PACKARD
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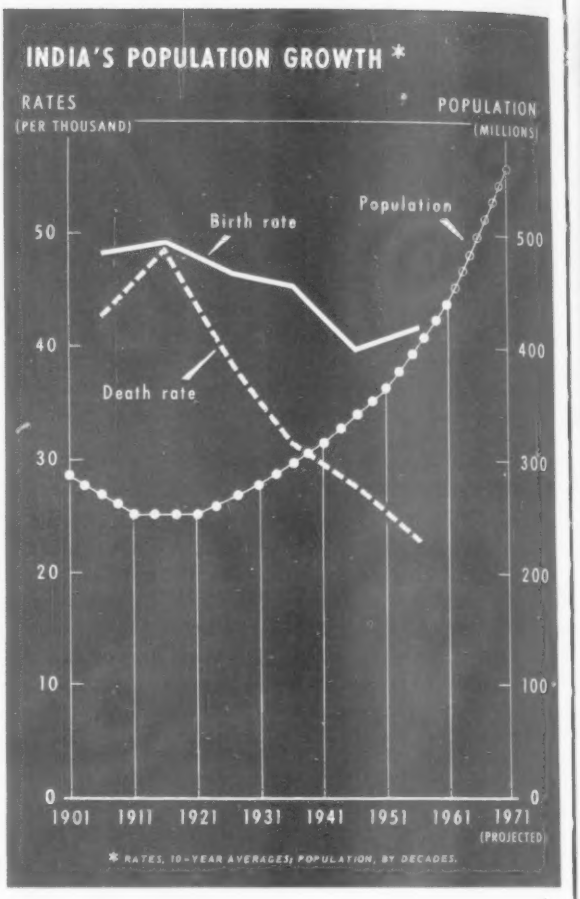

India—the world's most populous country after Mainland China—has almost a half-billion people crowded into an area about two-fifths the size of the United States excluding Alaska and Hawaii. With population growing at the rate of about a million each month, feeding these people has become a major concern of the Indian Government and of interest to the world in general.

India's problem is two-sided. On the one hand, the country's historical social makeup favors continuation of large families. On the other hand, lack of self-sufficiency in food production and a widening food gap require more stringent measures not only to provide major increases in agricultural productivity but also to reduce the rate of increase in the country's population.

Growth rate rising

Projections from the 1961 census show that the Indian population as of March 1, 1966, reached 499 million. According to estimates, it will climb to 560 million by 1971 and 630 million by 1976. If population is not controlled and these levels are reached, the increase for the decade 1966-76 will be 26.3 percent. Such statistics make it obvious why population control is another of the major problems facing India today.

The States of Uttar Pradesh, Bihar, West Bengal, Kerala, and Madras are among the most heavily populated ones. For example, Uttar Pradesh, with over 75 million people, is more heavily populated than any country in Western Europe. Population density is highest in Kerala in the far south, with 1,127 people per square mile, and West Bengal, with 1,032. (Population density among U.S. States ranges from Rhode Island's 812 to Alaska's 0.4.)

India's population in 1901 already totaled 238.3 million people. While comparable earlier figures are not available, evidence leads one to believe that the area now comprising India has been rather heavily populated for countless centuries. During those times, however, natural factors maintained population densities at lower levels. Diseases and famines accounted for a high death rate.

At one time, a major famine apparently could be expected about every 50 years. However, from 1860 to 1908, the frequency with which famine visited India increased alarmingly, and famine or scarcity prevailed in some part of the country in 20 out of 49 years. The next major famine occurred in the State of Bengal in 1943.

Danger level reached in 1950's

From 1901 to 1911, India's population increased only about 6 percent over the entire 10-year period, while for the next decade population actually declined 0.3 percent. An 11-percent increase was registered between 1921 and 1931, however, and for 1931-41 the increase was 15 percent. In 1951-61, population increased 21.4 percent.

In feeding this growing population, supplies of food grains [1] will be crucial, as they make up the bulk of the Indian diet. Various estimates place the number of vegetarians at 40 to 60 percent of the people. Rice is the staple food of about 75 percent, with wheat the other primary food grain.

Last year each Indian consumed a daily average of 16.6 ounces of food grains supplying about 1,650 calories. Another 450 calories per day came from sugar, oils, fruits, vegetables, milk, poultry, and some other meats for a total daily intake of 2,100 calories—a low level even for

[1] The term "food grains" as used in Indian statistics includes all cereal grains and pulses.

an Asian country. This year's intake will probably be below this level, with the extent of the drop depending upon how much foreign aid is received.

India's food grain production in 1964-65 totaled 88.4 million metric tons and was supplemented by imports of 7.5 million tons. With an extremely poor crop year and another population increase in 1966, total availability, including imports, is likely to be less than 87 million tons.

The prediction by responsible Indian Government officials that the country will reach self-sufficiency in food by the end of the Fourth 5-Year Plan (1971) seems overly optimistic in the face of hard facts. Preliminary Fourth Plan drafts call for production of cereals and pulses to reach 118.2 million metric tons by 1971, of which 103.2 million tons would be for human consumption. Even more recently, targets as high as 125 million tons have been cited, a goal not likely to be achieved as it would require an annual increase of over 10 percent.

In the event production cannot meet domestic requirements, imports will have to continue at high levels. It will then become a serious question as to how long India can afford huge food imports, even under P.L.-480-type programs. Furthermore, nations like the United States will have to consider whether they can provide increasing subsidized exports over a long period of time.

Family-planning clinics started

The future outlook for food grains is largely dependent upon the outcome of family planning to control population growth. If it is successful, India may be able to meet its food needs in the foreseeable future.

Family planning, if it existed in India's past, meant producing enough children to assure adequate help in making a living and, ultimately, care in old age. At that time, reproduction had to allow for the loss of many people to diseases and malnutrition at an early age.

The Indian Government has in recent years adopted a family-planning program to reduce birth rates and stabilize the country's population at a "level consistent with the requirements of the national ecenomy." During the Third Plan period, $56.3 million were allocated for implementation of the program, but after 3 years, 70 percent of these funds remained unexpended even though Family Planning Boards were functioning at the federal level and in all the States. At the end of 1965, India had about 18,000 family-planning clinics, of which over 16,000 were in rural areas. Over 700,000 persons had been voluntarily sterilized by the beginning of 1965. Programs are also underway to increase production of contraceptives to meet the increasing demand.

Preliminary Fourth Plan drafts call for raising the outlay for family planning to $409.2 million. In view of the apparent problem in utilization of Third Plan funds, careful planning will be needed to successfully program and use this additional outlay.

The outcome of India's struggle to bring its rapidly increasing population under control will not become apparent for one or two decades. The challenge is great, but many Indians are beginning to realize that better nutrition is to some extent governed by the size of the family. For this reason public sentiment in the next few years is likely to swing toward a sincere effort at population control.

POPULATION IN INDIA

Year	Total population	Change from previous decade
	Million people	*Percent*
1901	238.3	(1)
1911	252.0	+ 5.7
1921	251.2	— .3
1931	278.9	+11.0
1941	314.8	+12.9
1951	361.9	+15.0
1961	439.2	+21.4
1971[2]	560	+27.5

[1]Not available. [2]Projected.

USDA Study Analyzes Long-Run Trends in U.S. Exports of Cotton

The fluctuating level of U.S. cotton exports in recent years and the current sharp buildup in U.S. cotton stocks lend special interest to a new USDA study entitled *Analysis of Factors Affecting U.S. Cotton Exports.**

The study points out that the economic welfare of the U.S. cotton industry is directly related to the U.S. share of world cotton trade, for U.S. mills consume only about three-fifths of our crop, leaving two-fifths to be exported or added to Commodity Credit Corporation stocks. The U.S. export share has been showing a general downward trend for many years, although the United States remains the world's largest cotton producer and exporter.

After World War II, world cotton trade moved sharply upward, but U.S. exports did not share in this increase. Within the past 10 years, they have fluctuated between a low of 2.3 million bales (only about 18 percent of the world total) and a high of 7.9 million (nearly half)—and these two extremes occurred in successive years.

Meanwhile, world cotton production has increased because foreign countries have expanded cotton acreage and yields are rising. Consumption also has increased, particularly in some cotton-producing countries with recently developed or expanded textile industries. Yet world cotton trade has not kept pace, for some exporting countries like Brazil and Egypt are increasing consumption by retaining more of their own output; and some former importing countries like Spain and Colombia are meeting more of their own cotton needs by expanded production.

The report considers together a number of factors that have influenced U.S. cotton exports. Short-term factors like changes in foreign carryover stocks, reflecting cyclical changes in economic activity and also expectations of price changes, are important during any given season in explaining the level of U.S. exports.

Long-run factors—including economic and population growth, relative cotton prices, and competition from manmade fibers—are of vital importance to the level of both U.S. exports and world cotton trade. To illustrate, when foreign resources are committed to cotton production, or to the production or use of manmade fibers, these commitments are difficult to reverse; and as a result, potential markets for U.S. cotton are reduced.

*AER No. 90, Economic Research Service. Single copies available from Office of Information, Department of Agriculture, Washington, D.C. 20250.

Survey Finds Sweden To Be a Potentially Good Market for Numerous U.S. Agricultural Products

By MARSHALL H. COHEN
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Prospects are good for expansion of several U.S. farm-product exports to Sweden over the next few years, according to a recent USDA-sponsored study of that country's changing agricultural market.

The study—entitled *U.S. Food Products, the Swedish Market*—reviews Sweden's transformation from a predominantly agricultural country into a highly industrial, urban, and outward-looking country and its consequent rise as a trial market for U.S. products in Europe as a whole.

The report states that alterations of consumer habits in line with the country's economic and social changes are helping to make Sweden especially promising for U.S. exports of turkey rolls, rice, tomato puree and pulp, peanuts, canned corn, pears, oranges, and fruit cocktail and a possibly good market for beef, beans, almonds, raisins, apples, lemons, canned fruit, pecans, and walnuts.

At the same time, however, consumer prejudices, price differences, and/or other factors are seen limiting demand for U.S. chicken rolls, honey, vegetable juices other than tomato, canned asparagus, dates, prunes, canned sweet and sour cherries, pastry mixes, frozen prepared meals and pies.

From farm to city

According to the study, rapid capital formation and industrialization since World War II have taken many a Swede away from the rural area into the urban life, helping to swell population of the major metropolitan centers—Stockholm, Gothenburg, and Malmo—to around half the total population. More and more of these city dwellers are living in apartments and more of the women are working—by 1970, 50 percent will be employed. Sweden's consumers, largely middle class, have the highest per capita income in Scandinavia and one of the highest in Europe. A large portion of their total income—27 percent—goes for food.

These consumers have access to about the best marketing and storage facilities in all of Europe: Sweden leads the Continent in ownership of deep-freeze facilities and in self-service retailing, which accounts for about 66 percent of the nation's food stores. Furthermore, the problem of finding transportation to and from supermarkets—often located away from city centers—is not so pronounced here as in other foreign nations, since Sweden has the highest per capita ownership of automobiles in Europe.

Changing eating habits

Eating habits, too, have undergone a change. Most Swedish consumers eat three meals a day rather than the traditional two meals—mid-morning and mid-afternoon—and they add larger amounts of fatty foods, fruits and vegetables, meats, and dairy products to their diets. They are increasingly influenced by the rapid influx of tourists and their own travel to foreign lands, trying and liking rice, citrus fruits, spaghetti, fried chicken, deep-frozen foods, ice cream, and numerous other foods that once had little or no role in their cuisine.

The average diet is still very low in protein, accounting for 11 percent of the total intake, and high in carbohydrates, 49 percent of the total, and in fats, 40 percent. In 1964, the typical Swede ate about 40 pounds less beef than the average American, but 87 pounds more potatoes. He also was far ahead in coffee consumption, maintaining his reputation as the world's largest consumer of coffee.

Despite preferential trade relationships within the European Free Trade Association and Sweden's near self-sufficiency in many commodities, the United States has enjoyed an expanding market for farm products in that country: U.S. agricultural exports to Sweden during 1964 rose to $54.5 million from $40.9 million in 1963. The more recent figure is roughly 12 percent of the total value of imports, making the United States one of the leading agricultural suppliers.

Largest of the U.S. agricultural exports to Sweden in past years have been fruits and vegetables, cereals and preparations, oilseeds, and tobacco.

Crowds thronging this modern department store in Sundsvall mirror the increased affluence and urban living in Sweden, which has contributed to expanded buying of imported foods.

In most cases, U.S. farm exports to Sweden are relatively free of restrictive food laws or trade duties, with supply/demand, price, and consumer preferences the main factors affecting trade.

Some of the restrictions are food laws prohibiting institutional use of flour that has been chlorinated (bleached) and imports of poultry meat that has been contaminated with Newcastle disease or Salmonella. Also, imports of apples and pears are limited to certain periods of each year.

Among those U.S. farm products found to have a promising market potential in Sweden are turkey rolls—unknown to the Swedes until 1963. U.S. turkey rolls are now being used by the institutional trade and, according to the report, could eventually replace ham as the traditional Christmas meal in Swedish homes.

U.S. trade in chicken rolls, on the other hand, is limited by competition from lower priced domestic products.

Expanding use of rice

High quality and strong brand identity make U.S. rice, especially long-grain, attractive to the Swedish consumer. There has been expanded acceptance of rice as a lighter food, though price could be a deterrent to increased U.S. trade.

A growing market for salted pea-

Clockwise from top left, potato-planting time for Swedish farmers—whose share of the total farm market has fallen in recent years; a modern cooperative supermarket in Örebro; and a fruit-packing plant. Photos at right and on page 8 courtesy American-Swedish News Exchange.

nuts is noted, particularly because of mounting demand among teenagers and the use of convenience packs in vending machines. The peanut market is considered a price market rather than a quality market, because of the age of consumers demanding this product. Prospects for peanut butter in Sweden (and throughout Scandinavia) are not particularly good, although peanut oil is used increasingly by the expanding margarine industries.

Good potential for corn

Reaction to whole-kernel corn, canned and frozen, seems favorable, with some potential noted for frozen corn-on-the-cob. At present, all canned whole-kernel sweet corn and canned corn-on-the-cob is imported from the United States. Corn with mixed vegetables also seems acceptable.

Although Swedish consumption of vegetable juices is low, amounting to only 3 ounces per capita, there is a rather good market for tomato juice, some of which is produced from imported pulp. Recently, Swedish producers of ketchup and soup have shown interest in U.S. tomato pulp.

Other U.S. commodities termed promising but covered by less research were pears, oranges, and fruit cocktail.

Swedish imports of fruit cocktail have risen since 1962; and in 1964, U.S. brands represented 97 percent of the market. With more intensive promotional activities, further expansion in U.S. trade may be anticipated.

The U.S. share of the market for oranges is small with strong competition from Israel, Spain, and Italy. Nevertheless, Sweden's rising use of oranges for dessert and marmalade indicates some potential for expanded U.S. exports.

U.S. beef was among the commodities considered to have possible potential. Factors favoring broadened trade are Sweden's decreasing cattle numbers, the high quality of U.S. beef, and U.S. freedom from foot-and-mouth disease. Demand for the product will depend, however, on price competition and changes in consumer preferences: The typical Swedish homemaker prefers fresh meat to frozen and buys veal or lean, freshly slaughtered beef instead of well-seasoned marbled cuts; hence T-bone, porterhouse, and other cuts for broiling or grilling are largely untested except in restaurants.

The United States already is a major supplier of offals and variety meats, and accounts for around 10 percent of Sweden's canned beef imports.

Among the beans, only red kidney, baby lima, and white sold as baked show any immediate prospects. Increased use of raisins and almonds in baked goods indicates there may be some potential for U.S. exports of these products, though price has restricted sales of almonds in past years.

Supplemental studies on apples, lemons, and canned fruit indicated some trade possibilities.

Imports of apples into Sweden depend on domestic production, which in good years supplies most of the market, and quota adjustments. Most of the imports are dessert varieties, chiefly from Argentina, Australia, and the United States. Although there is little consumer consciousness as to the origin of imports, trade sources report that U.S. apples have the advantage of keeping for a long period and are of high quality. Disadvantages are that U.S. apples mature simultaneously with European brands and consumers consider them too large.

Rising use of lemons

Lemons have a small but growing importance in the Swedish diet mainly as garnishes for fish and ingredients in liquid refreshments. They are generally purchased on the basis of appearance and quality rather than variety or price; this gives U.S. lemons the upper hand as they are generally thought to be well sorted and packed, and of excellent quality and flavor.

Canned fruits are increasingly in favor, competing mainly with fresh fruit. Most popular are canned peaches, over

(Continued on page 15)

Above, U.K. food agent (r.) shows his line of Kraft Foods to a British food store manager at the exhibit.

U.S. Food Firms End Big 420-Store And Exhibit Promotion at Manchester

Food exporters from the United States and 420 food stores and supermarkets in Manchester, England, joined forces earlier this month for the most intensive promotional campaign for American foods held in Great Britain.

The promotion was aimed at a potential market of 5 million people within a 25-mile radius of Manchester, whose joint purchasing power is one of the highest in Britain.

While some 75 U.S. firms exhibited several hundred brands of food at Manchester's 32d Annual Grocers' Exhibit, May 10-20, the city's food markets—as well as the largest department store, Lewis's—put U.S. brands of food on featured display. British housewives saw cooking demonstrations and were attracted to cake mixes, instant toppings, and frozen citrus juices.

At the Grocers' Exhibit the U.S. food industry and USDA showed citrus, poultry, peanuts, raisins, cranberries, prunes, fresh fruits and vegetables, lard, and variety meats.

A trade and product display with private conference rooms was reserved exclusively for the trade, where representatives of U.S. food companies met and talked with potential buyers.

Above, variety meats at Manchester Meat Market; below, U.K. youngster laps up cranberry sauce at poultry snack bar.

Above, U.S. Ambassador David K. E. Bruce (l.) and Manchester's Lord Mayor Bernard W. Langton at U.S. exhibit. Below, trade talk.

Austria Eases Entry for Eastern Feed Grains

A public notice issued recently by the Austrian Grain Marketing Board authorizes importers to import in bond feed corn, feed barley, and feed wheat from East European countries without having received the import contract usually required. This arrangement would appear to discriminate against Western countries interested in exporting feed grains to Austria.

The new procedure, which became effective late last month, may be applied on condition that importers inform the Grain Board 3 days in advance that the shipment is to pass the Austrian border. Further, the importer is allowed to start unloading and storing, as well as delivery operations, only in the presence of a Board representative. Observance of these conditions authorizes the importer to offer the grain for sale to the Board at the next auction, provided the invitation to bid indicates the country from which the grain was imported as an eligible source of supply.

The notice does not specifically authorize or prohibit the re-export of such bonded grains.

Grain Board and Ministry of Agriculture officials indicated that the purposes of the new arrangement were to use the capacity of Austrian silos and warehouses to a larger extent, to give the trade better chances of carrying out its operations, and to build up "strategic" reserves of feed grains without cost to the government.

With regard to the third point, Austria has for years been seeking a way to become independent from the supply situation on world markets for a period of a few months by building up its own reserves. Until now, the difficulty of building up sufficient stocks of feed grains has never been solved because of the financial problems involved.

It would appear that the question of costs and carrying charges will remain unanswered unless some East European country is willing to ship the grain on a consignment basis.

Under the new arrangement, Austrian importers—and also Eastern state-owned trading associations of entities having an importer in Austria acting for them—are allowed to store unlimited quantities of Eastern grains in Austria. Such stocks of Eastern feed grains, which certainly will be built up at times of low prices, will reduce the competitive position of Western feed grains in Austria.

Israel's Grain Import Requirements Higher

Because of poor crops and higher consumption requirements, Israel is expected to import 10 percent more wheat and 14 percent more feed grains in 1966 than in 1965.

Grain production in Israel in 1966 will fall far below that of the past 2 years. Rainfall was inadequate and poorly distributed following fall seeding of wheat and barley, and there was a shortage of moisture in March for sorghum planting.

Wheat production is now forecast at 55,000 metric tons against 150,000 in 1965. A considerable portion of the crop will be only of feed quality because of poorly developed kernels. Barley production is estimated at 15,000 tons compared with 67,400 a year ago. Output of sorghums is also placed at 15,000 tons against 67,000 last year. Fodder production and grazing areas have also suffered from low rainfall.

The decline in 1966 wheat production will be offset by drawing upon liberal carryover stocks and by increasing imports to an estimated 280,000 tons against 254,000 in 1965. About 340,000 tons of wheat are expected to be used for food in 1966. Utilization of wheat for feed is expected to increase by about 15,000 tons over the 20,000 tons of 1965, because wheat was released for feed during a period of short supply of feed grains and unmillable wheat is being used for feeding purposes.

Feed grain imports are expected to reach 660,000 tons in 1966, compared with 463,000 in 1965. The increase in feed grain requirements is due to larger numbers of poultry to be fed as well as the use of grains to supplement limited roughage supplies.

Feed grain shortages developed during the first quarter of 1966 because of the failure of cargoes to arrive as planned and the extra-heavy feeding rate. Since only minimal stocks are maintained, grain imports were used up as they arrived. As a result, sorghums were replaced with more expensive corn, and wheat was supplied for feed use.

Wheat stocks on January 1, 1966, were 220,000 tons. On April 1, 1966, they were 190,000 tons, and feed grain stocks consisted of only 4,000 tons of corn.

Argentina Harvests Bumper Sorghum Crop

The Argentine Ministry of Agriculture has estimated 1965-66 production of grain sorghum from the harvest just completed at 2,080,000 metric tons. This is almost 2½ times the previous year's outturn of 857,000 tons.

A bumper corn crop of 7,200,000 tons had been estimated earlier. If these first estimates are borne out, combined production of the two major feed grains for the current season will exceed the previous season's outturn by 3,283,000 tons. Most of this would represent an addition to export availabilities and would help to offset the sharp dropoff in 1965-66 wheat production and export supply. The Argentines are confident there will be good export demand for the increased corn and sorghum supplies.

Canada Accelerates Wheat Shipments to India

Canada has indicated that it will speed up shipment of the 850,000 metric tons of wheat it pledged to India last month. Plans are to move about half the wheat before the end of July rather than during August-December as had been previously announced. The gift will move on Indian-chartered ships, of which 30—capable of carrying at least 400,000 tons of the grain—have already been booked.

India has also purchased 150,000 tons of wheat from Australia on 12-month credit terms for shipment through December.

U.S. Imports of Livestock Products Higher

During the first quarter of 1966, U.S. imports of red meats averaged 33 percent larger than January-March 1965 levels. Imports of beef and veal were up 20 percent and

those of pork, 51 percent. In each case, tight U.S. supplies and relatively high prices tended to attract more foreign meat than at the same time a year ago. However, U.S. dock strikes in early 1965—and their inhibiting effect on recorded imports—must be considered in comparing first-quarter 1966 trade data with 1965.

U.S. imports of wool were 47 percent above January-March 1965, reflecting a continuation of the uptrend in mill activity coupled with reduced domestic output and an increased demand for wool fibers.

Imports of live cattle—mainly stockers and feeders from Canada and Mexico—reached 295,000 head in the first quarter of 1966, about double the level of the same period a year ago. Higher U.S. cattle prices are reflected in the increased imports.

U.S. IMPORTS OF LIVESTOCK PRODUCTS

Commodity	March		Jan.-Mar.	
	1965	1966	1965	1966
Red meats:				
Beef and veal:				
Fresh & frozen:	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*	*1,000 pounds*
Bone-in beef:				
Frozen	435	306	708	1,312
Fresh and chilled	751	612	2,006	4,323
Boneless beef	62,813	40,608	120,747	138,521
Cuts (prepared)	68	244	526	1,003
Veal	1,849	1,470	3,542	4,155
Canned beef & beef sausage	5,494	5,305	11,614	19,155
Prepared & preserved	1,604	1,356	3,525	4,066
Total beef & veal	73,014	49,901	142,668	172,535
Pork:				
Fresh and frozen	3,722	4,146	10,626	11,386
Canned:				
Hams & shoulders	18,859	21,599	36,312	57,516
Other	3,401	4,964	6,269	12,496
Cured:				
Hams & shoulders	151	166	383	408
Other	448	352	1,213	1,189
Sausage	193	271	370	540
Total pork	26,774	31,498	55,173	83,535
Mutton and goat	2,806	6,422	4,330	13,505
Lamb	1,816	1,644	2,318	4,606
Other sausage	472	608	1,389	1,396
Total red meat	104,882	90,073	205,878	275,577
Variety meats	295	394	545	1,233
Wool (clean basis)				
Dutiable	18,570	22,188	37,710	58,139
Duty-free	12,478	10,781	20,275	26,882
Total wool	31,048	32,969	57,985	85,021
	1,000 pieces	*1,000 pieces*	*1,000 pieces*	*1,000 pieces*
Hides & skins:				
Cattle	14	20	51	98
Calf	34	22	97	79
Kip	48	40	137	108
Buffalo	79	51	146	117
Sheep and lamb	6,322	4,543	9,183	8,173
Goat and kid	1,687	1,142	3,027	3,066
Horse	25	31	61	80
Pig	328	173	503	472
	Number	*Number*	*Number*	*Number*
Live cattle[1]	57,092	116,232	145,264	295,458

[1]Includes cattle for breeding.
U.S. Department of Commerce, Bureau of the Census.

Greek Tobacco Exports at 1964 Level

Greek exports of oriental-type tobacco in 1965, at 157.5 million pounds, were about the same as in 1964.

West Germany was the biggest customer, taking 48.3 million pounds. The United States, in second place, purchased 24.7 million—well below the 40 million bought in 1964. Other major markets included the Soviet Union 13.4 million, France 11.4 million, and Poland 9.2 million.

Total shipments to Soviet Union and other East European Communist countries were 34.6 million pounds in 1965, compared with 25.3 million in 1964. Consignments to members of the European Economic Community in 1965 totaled 70.3 million pounds, compared with 70.8 million in 1964.

The EEC-Greek Association Council on March 23, 1966, decided to further reduce duties on Greek tobacco. The new reduction amounts to 10 percent and will become effective in two stages of 5 percent each on July 1, 1966, and January 1, 1967. As of the latter date, duties on Greek leaf will be only 20 percent of the original duty rate which became effective in 1958.

Average export prices per pound paid for Greek tobacco during 1965, by major destinations and in terms of U.S. cents, were West Germany 64.0, the United States 82.5, the Soviet Union 72.1, France 59.9, Poland 75.3, Japan 79.4, Italy 69.9, and East Germany 78.0.

GREEK EXPORTS OF ORIENTAL-TYPE TOBACCO

Destination	1963	1964	1965[1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Germany, West	38,993	46,882	48,292
United States	46,226	40,038	24,700
Soviet Union	8,091	9,092	13,417
Poland	3,563	7,010	9,169
France	3,726	11,222	11,437
Japan	2,881	2,509	8,430
Germany, East	2,156	3,004	5,862
Italy	4,482	8,849	6,303
Czechoslovakia	2,787	3,209	4,588
UAR (Egypt)	981	3,352	6,195
Switzerland	2,738	3,675	2,471
Israel	1,030	1,601	2,161
Belgium	4,171	2,259	2,705
Austria	2,064	1,901	2,022
Finland	1,684	2,158	1,984
Hungary	1,190	3,001	1,581
Sweden	1,384	1,840	1,250
Netherlands	1,938	1,689	1,605
Others	6,426	4,232	3,281
Total	136,511	157,523	157,453

[1] Preliminary. Includes only leaf tobacco.

Argentina's Tobacco Imports Decline

Argentina's imports of unmanufactured tobacco during 1965 totaled only 184,000 pounds—the smallest since 1958. Smaller imports from Paraguay and the United States more than offset stepped-up takings from Greece.

Imports from Paraguay last year amounted to 89,000 pounds in contrast to 296,000 in 1964. Takings from the United States dropped to 10,000 pounds, compared with 54,000 pounds in 1964 and 149,000 pounds in 1963. Imports from Greece totaled 67,000 pounds, compared with none from 1962 through 1964.

Chile Expects Larger 1966 Tobacco Harvest

The 1966 tobacco harvest in Chile is forecast at 11.2 million pounds from 5,950 acres, compared with the 1965 harvest of 9.4 million from 4,811 acres. Larger crops of burley, flue-cured, Havana (dark air-cured), and oriental tobaccos more than offset the decline in Paraguayan (dark air-cured).

Burley production is placed at 4.6 million pounds from

2,510 acres, compared with the 1965 harvest of 2.5 million from 1,387 acres. Flue-cured production is forecast at 2.1 million pounds—up 28 percent from the 1.7 million harvested last season. The harvest of Havana (dark air-cured) is placed at 287,000 pounds—up moderately from 262,000 pounds in 1965. Production of oriental tobaccos is very small but is expected to rise to 24,000 pounds from 6,614 pounds for 1964. The Paraguayan (dark air-cured) harvest is forecast at 4.2 million pounds—down 15 percent from the 1965 harvest of 4.9 million.

Grower prices for the 1966 crop have been increased about 10 percent over those paid for 1965-crop tobaccos. Average prices paid to growers for the 1965 crop (in terms of U.S. cents per pound) were 32.3 cents for Virginia flue-cured, 13.1 for uncured Virginia, 11.6 for uncured burley, and 8.7 for uncured Paraguayan and Havana.

Colombian Tobacco Exports Down

Colombia's exports of unmanufactured tobacco during 1965 totaled 22.2 million pounds—the smallest since 1962 but still the third largest on record.

COLOMBIA'S UNMANUFACTURED TOBACCO EXPORTS

Destination	1963	1964	1965[1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States[2]	8,664	18,412	7,315
West Germany	3,941	6,965	4,739
Netherlands	1,181	1,558	4,406
Spain	2,811	2,230	1,419
Belgium	153	598	1,201
Morocco	702	702	995
Sweden	35	146	576
Uruguay	216	379	414
France	5,753	1,990	—
Tunisia	384	1,160	—
Algeria	123	234	—
Others	668	1,450	1,126
Total	24,631	35,824	22,191

[1]Preliminary; subject to revision. [2]Includes Puerto Rico.

Shipments to the United States (including Puerto Rico) dropped to 7.3 million pounds from 18.4 million in 1964. Exports to West Germany, at 4.7 million pounds, were one-third below the 1964 level of 7.0 million pounds. Shipments to Spain dropped to 1.4 million pounds from 2.2 million in the previous year. Also, no shipments were reported to France, Tunisia, and Algeria last year in contrast to 3.4 million pounds exported to these three countries in 1964.

West German Tobacco Imports Larger

West Germany's declared imports of unmanufactured tobacco in 1965 totaled 300.8 million pounds—7.7 percent above the 279.4 million imported in 1964. Increased purchases from the United States, Greece, Rhodesia-Zambia-Malawi, and Bulgaria more than offset smaller imports from Turkey, Japan, Italy, and several less important suppliers.

Declared imports from the United States, at 94.9 million pounds, were 7.4 percent larger than the 88.4 million of 1964. Takings from Greece rose about 24 percent and those from Rhodesia-Zambia-Malawi 23 percent. Purchases from Italy dropped from 10.6 million to 6.7 million.

Average import prices per pound for unstemmed leaf from major suppliers last year, in terms of U.S. cents, were the United States 80.8, Greece 68.3, Rhodesia-Zambia-Malawi 51.3, Bulgaria 52.1, Brazil 32.3, Turkey 67.0, Japan 68.6, and Italy 81.6. The average price paid for all unstemmed leaf imports was 63.5 cents per pound.

WEST GERMANY'S IMPORTS OF UNMANUFACTURED TOBACCO

Origin	1964		1965[1]	
	Quantity	Price per pound[2]	Quantity	Price per pound[2]
	1,000 pounds	*U.S. cents*	*1,000 pounds*	*U.S. cents*
United States	88,397	80.2	94,890	80.8
Greece	40,236	76.5	50,043	68.3
Rhodesia, Zambia, Malawi	29,606	50.4	36,491	51.3
Bulgaria	18,303	56.9	20,800	52.1
Brazil	13,335	32.5	14,936	32.3
Turkey	15,066	73.8	13,530	67.0
Japan	10,562	68.8	9,805	68.6
Indonesia	6,936	76.8	6,889	103.3
Italy	10,551	76.3	6,728	81.6
Philippines	3,401	24.1	5,737	27.1
Colombia	4,535	32.3	5,446	47.2
Dominican Republic	6,497	26.5	4,813	32.6
Argentina	4,550	27.0	4,481	38.2
Paraguay	3,911	17.7	3,218	18.6
Thailand	2,793	40.6	3,129	40.6
Canada	5,959	55.4	2,338	56.3
Taiwan	2,031	37.9	2,286	36.2
Others	12,726	—	15,214	—
Total	279,395	64.1	300,774	63.5

[1]Preliminary; subject to revision. [2]C.i.f. value of unstemmed leaf.

Chilean Cigarette Output Rises

Cigarette output in Chile last year totaled 6,943 million pieces—up 7.8 percent from 6,439 million in 1964. Production of cigars rose to 1.4 million pieces from 1.3 million, but output of smoking mixtures, at 398,000 pounds, was slightly under the 401,000 pounds of 1964.

Output of licensed American brands of cigarettes—Lucky Strike and Viceroy—reportedly increased slightly over 1964, as did production of Hilton, a British-type cigarette.

Retail prices of domestic-made Lucky Strikes were equivalent to 29.6 U.S. cents per package; Viceroy, 35.0 cents; Hilton, 22.9 cents; and Liberty, 18.9 cents. Prices of other domestic brands ranged from 5.4 to 12.1 cents per pack.

Finns Produce More Cigarettes

Finland's cigarette output totaled 6,517 million pieces in 1965—up 17 percent from 5,554 million in 1964.

Filter-tipped cigarettes gained in popularity last year and accounted for 71.3 percent of total sales, compared with 66.4 percent in 1964. Filter-tips are available in all lengths.

Combined production of cigars and cigarillos totaled 37.5 million pieces, compared with 31.8 million in 1964. Output of smoking tobacco, however, dropped from nearly 2.1 million pounds in 1964 to 1.8 million last year.

Hong Kong's Cigarette Trade Sets New Records

Hong Kong's trade in cigarettes continued upward through 1965 and set records for both imports and exports.

Cigarette imports last year totaled 8.1 million pounds, compared with the previous high of 6.8 million in 1964. Imports from the United States rose to a new high of 5.9

million pounds, while those from the United Kingdom, at 2.1 million, were the largest since the late 1940's.

Cigarette exports totaled 11.2 million pounds last year, compared with 9.2 million in 1964 and 10.9 million in 1963. Larger shipments to Sabah (formerly North Borneo) more than offset declines in exports to Sarawak, Macao, and Laos. Exports to Sabah last year totaled 9.9 million pounds, compared with 6.9 million in 1964 and 9.3 million in 1963. These cigarette exports to Sabah are eventually smuggled into the Philippines.

South Africa's Tobacco Off Sharply

South Africa's severe drought conditions in recent months have caused a sharp drop in the country's tobacco production. In 1964, the harvest totaled 69 million pounds; in 1965 it was only 60 million and the estimate for 1966 is 49 million.

Production of flue-cured this year is placed at 23.3 million pounds, compared with 31.5 million in 1965. The aggregate for other kinds of tobaccos is 25.9 million, compared with 28.0 million last year.

Even with the much smaller 1966 harvest, exports are expected to continue at about the 15-million-pound level of 1965. Maintenance of exports is considered necessary to retain present foreign markets.

Guatemalan Cigarette Sales Reach Record

Cigarette sales in Guatemala during 1965 totaled a record 2,266 million pieces, an increase of 10.3 percent over 1964 sales of 2,054 million. However, cigar sales continued downward through 1965 and amounted to 63.4 million pieces, compared with 69.9 million in 1964 and 74.7 million in 1963.

Sweden's Production, Use of Fats and Oils Up

Sweden's production of fats and oils—including fats of vegetable, animal, and marine origin—in fiscal year 1965-66 is estimated at 136,000 metric tons compared with 122,000 tons last year. The quantity of oilseeds processed is expected to reach 210,000 tons, of which 137,000 tons will be rape and mustardseed of domestic origin and most of the remainder, imported copra. The exceptionally large volume of rape and mustardseed being crushed results from the large 1965 crop and the difficulties of exporting the surplus production.

Imports of fats and oils, including fatty acids, are estimated at 99,600 tons against 96,500 last year. Consumption for food purposes is expected to rise moderately, while consumption for industrial purposes probably will approximate the previous year's level.

The increase in the use of fats for food is due almost exclusively to an estimated increase in margarine consumption as a result of increased production and imports. Butter production and consumption are expected to decline slightly. After September 1, 1967, the relation between butter and margarine prices will be changed and the price of margarine will be reduced, according to preliminary plans announced by the government.

In 1964-65 about 99,000 tons of fats and oils were used in the manufacture of margarine and 9,000 tons for other food purposes. Fats and oils were used in margarine production in the following percentages of the total: rape and mustardseed oil, 26; coconut oil, 34; soybean oil, 5; cottonseed oil, 5; marine oils, 25; and other vegetable and animal fats, 5. More soybean oil and less of certain other vegetable oils were used than in the previous year. Otherwise, there were no significant changes in the utilization pattern.

SWEDEN: OILSEEDS, FATS AND OILS, SUPPLY AND DISAPPEARANCE, FISCAL YEARS 1964-65 AND 1965-66

Item	Oilseeds		Fats and oils	
	1964-65	1965-66	1964-65	1965-66
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Supply:				
Opening stocks	15.4	21.5	36.8	24.9
Production	199.0	205.0	122.0	136.1
Imports	71.3	74.9	88.8	91.6
Total supply	285.7	301.4	247.6	252.6
Disappearance:				
Crushings	192.4	210.0	—	—
Exports	62.7	67.0	49.4	49.5
Food use	9.1	3.3	108.5	113.0
Industry and feed	—	—	64.8	64.3
Closing stocks	21.5	21.0	24.9	25.8
Total disappearance	285.7	301.4	247.6	252.6

Japan's Edible Fat Production Up Slightly

The total supply of edible fats and oils in Japan in calendar year 1966 is forecast at 1.18 million metric tons, slightly above 1965.

The expected increase stems largely from higher output of vegetable oils, particularly soybean and rapeseed oils produced from increased imports of soybeans and rapeseed. Hog fat production also is expected to be up this year as a result of the expanding livestock industry and increasing imports of hog grease from the United States. Production of oil from domestic crops and from whaling in 1966 is expected to continue the downtrend of recent years. Japan's whaling quota has been reduced from last year's level by 40 percent.

Consumption of fats and oils for food continues to trend upward and in 1966 may approximate 755,000 tons, compared with 732,000 tons in 1965. Per capita consumption of food fats in 1965 was an estimated 7.45 kilograms (16.4 pounds)—2 percent above consumption in 1964.

JAPAN'S SUPPLY AND DISTRIBUTION OF EDIBLE FATS AND OILS[1]

Item	1964	1965	Forecast 1966
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Supply:			
Stocks, Jan. 1	58.0	56.3	43.9
Production	828.1	853.0	870.0
Imports	267.1	259.2	268.0
Total supply	1,153.2	1,168.5	1,181.9
Distribution:			
Exports	98.6	99.6	68.0
Domestic disappearance:			
Food	710.0	732.0	755.0
Industry and waste[2]	288.3	293.0	305.0
Total	998.3	1,025.0	1,060.0
Stocks, Dec. 31	56.3	43.9	53.9
Total distribution	1,153.2	1,168.5	1,181.9
Per capita consumption:	*Kilograms*	*Kilograms*	*Kilograms*
Food	7.3	7.4	7.6
Industry and waste	3.0	3.0	3.0
Total	10.3	10.4	10.6

[1]Includes vegetable and marine oils and animal fats and oils.
[2]Including discrepancies in statistics.

Japan Buys More Soybean Products, Safflower

Japan's imports of soybeans, safflowerseed, and soybean cake and meal during January-March 1966 were sharply above imports in the first quarter of 1965.

Soybean imports, at 567,047 metric tons (20.8 million bushels), were more than one-third above those in the comparable period of last year. Of the total, 467,223 tons (17.2 million bushels) were from the United States, and the bulk of the remainder was from Mainland China. While imports of U.S. beans increased 57 percent, those from Mainland China increased only 19 percent.

Imports of safflowerseed, virtually all from the United States, rose to 38,533 tons—43 percent above imports in the comparable months of 1965.

Soybean cake and meal imports totaled 6,752 tons, 95 percent of which came from the United States. Only 267 tons were imported in the first quarter of last year.

JAPAN'S IMPORTS OF SOYBEANS, SAFFLOWERSEED AND SOYBEAN MEAL

Commodity and major source	1965	January-March 1965	January-March 1966
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*
Soybeans:			
United States	1,464.9	297.9	467.2
Total	1,847.5	416.8	567.0
Safflowerseed:			
United States	112.7	26.9	38.0
Total	113.4	27.0	38.5
Soybean cake and meal:			
United States	41.7	(1)	6.4
Total	46.3	(1)	6.8

[1] Only 267 tons.
Customs Bureau, Ministry of Finance.

Thailand Reduces Sugar Goals

Thailand's Ministry of Industry has announced that sugar production goals will be 180,000 metric tons in the 1966-67 and 1967-68 seasons. The 1965-66 crop is expected to reach 270,000 metric tons.

Farmers are expected to plant less cane in 1966, and probably will switch to sorghum, cotton, or other more remunerative cash crops. Therefore, a better balance between supply and demand is expected for the future.

Thailand has an export quota to the United States of 16,227 short tons for 1966, and currently has an export surplus awaiting markets.

Guatemala Establishes Coffee Council

The Government of Guatemala recently issued Decree-Law No. 449 establishing a Council for Coffee Policy, to advise and assist the Chief Executive of Guatemala in determining and carrying out both internal and external coffee policy.

The Council is made up of the President of the Monetary Board, the President of the National Coffee Association, and the Ministers of Economy, Finance and Public Credit, Foreign Relations, and Agriculture, with the latter designated as chairman.

The Council is to control and supervise, when necessary, the export and shipping permits issued by the National Coffee Association, as well as the coffee export quotas which are established by the Association in accordance with international agreements.

The new law also stipulates that the National Coffee Association is a chartered, public, nonprofit entity formed by coffee producers and that it will cooperate with the government in protecting the national economy in the production and processing of coffee. All coffee producers in the country are members of the Association unless they indicate their desire to the contrary.

WORLD CROPS AND MARKETS INDEX

Fats, Oilseeds, and Oils

14 Sweden's Production, Use of Fats and Oils Up
14 Japan's Edible Fat Production Up Slightly
15 Japan Buys More Soybean Products, Safflower

Grains, Feeds, Pulses, and Seeds

11 Austria Eases Entry for Eastern Feed Grains
11 Israel's Grain Import Requirements Higher
11 Argentina Harvests Bumper Sorghum Crop
11 Canada Accelerates Wheat Shipments to India

Livestock and Meat Products

11 U.S. Imports of Livestock Products Higher

Sugar, Fibers, and Tropical Products

15 Thailand Reduces Sugar Goals
15 Guatemala Establishes Coffee Council

Tobacco

12 Greek Tobacco Exports at 1964 Level
12 Argentina's Tobacco Imports Decline
12 Chile Expects Larger 1966 Tobacco Harvest
13 Colombian Tobacco Exports Down
13 West German Tobacco Imports Larger
13 Chilean Cigarette Output Rises
13 Finns Produce More Cigarettes
13 Hong Kong's Cigarette Trade Sets New Records
14 South Africa's Tobacco Off Sharply
14 Guatemalan Cigarette Sales Reach Record

Sweden as a Market for U.S. Farm Products

(Continued from page 9)

90 percent of which are U.S. brands. Brand names seem to be more important than price. Also, the good retail margin offers some incentive to importers. Canned apricots are a minor item in the Swedish market, and imports show little likelihood of rising.

Fragmented evidence regarding pecans and walnuts shows an appreciation of American quality but limited use—in holiday baking—and lack of consumer familiarity.

Despite its generally optimistic tone, the survey did find several commodities offering little chance for improvement.

For some, such as canned asparagus and prunes, the United States already dominates imports, and consumption is limited: Prunes are used mainly for desserts and are not widely known.

For prepared meals and cakes—of which the United States is the major foreign supplier—the picture is complicated by government restrictions on flour use, changes required in labeling and packaging to make a larger impact on the market, and the extensive promotion necessary to compete with local mills now entering the business.

Other commodities found to have little potential include frozen pies, dates, canned sweet and sour cherries, and mixed-vegetable and vegetable juices except tomato.

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Highlights of the Agriculture and Trade of France

Resources.—France covers an area of 243,500 square miles, about equal in size to Texas, and has a population of 49 million, of which nearly 20 million are in the active labor force. In 1965, gross national product (GNP) amounted to $92.7 billion, and income per capita was $1,364.

Agriculture.—Agricultural production increased about 3 percent per year in 1964 and 1965 and about one-third during the past decade. France's gross agricultural product (GAP) amounted to $7 billion in 1965, or about 8 percent of GNP. Livestock production in 1965 accounted for about two-thirds of GAP. Cereals, fruits and vegetables, and wine contributed most of the remainder.

About 4 million people, or one-fifth of the labor force, are employed in the agricultural sector. This labor force cultivates nearly 47 million acres, produces most of the food needed to meet domestic requirements, and contributes about one-sixth of the country's exports. More than half of the cultivated land is devoted to cereals and about one-third to feed crops.

Food Situation.—Caloric intake per capita averages about 3,000 per day. Cereals provide almost one-third of the caloric intake, followed by fats and oils as a group and meat—each providing about one-six of the total. Consumption of cereals has been declining; consumption of meat, fruit, vegetables, and sugar has been increasing rapidly.

Foreign Trade.—France was Western Europe's third ranking exporter as well as importer in 1964. Exports by France totaled $9.0 billion in 1964 while imports reached $10.1 billion. Agricultural products accounted for $2.6 billion or about one-fourth of France's imports and $1.6 billion or 18 percent of the value of exports by France. Nevertheless, France was Western Europe's leading exporter of agricultural products in 1964. Major agricultural exports in 1964 were cereals and cereal preparations, dairy products, wine, sugar and sugar preparations, and fruits and vegetables. Major agricultural imports in 1964 were fruits and vegetables, fibers, coffee and tea, oilseeds and oilnuts, meats, wine, and hides and skins.

Agricultural Trade With the U.S.—French agricultural trade with the United States is relatively small. Imports by France of agricultural products from the United States amounted to $215.5 million in 1964, only 8 percent of the value of total French agricultural imports. Principal agricultural imports from the United States were cotton, hard wheat, oilseeds and oilseed products, and fruits and vegetables. France's agricultural exports to the United States in 1964 amounted to $64.1 million, or less than 4 percent of the total value of agricultural exports. Major agricultural exports to the United States were wine, hides and skins, preserved fruits and vegetables, and cheese.

Factors Affecting Agricultural Trade.—France's trade policy has a major impact on trade in agricultural products. Imports are often restricted by quotas which vary according to market needs and the country of origin. Quotas are in effect on imports of such items as fruits and vegetables, confections, and cereal products for human consumption. Imports of beef and veal, horse meat, citrus fruit, and certain oilseeds have been partially liberalized, depending on the country of origin. Certain commodities such as oilseeds, vegetable oils, and tobacco are imported through state trading organizations. France also relies heavily on bilateral trade agreements in exporting its agricultural products. Other nontariff restrictions interfering with agricultural trade include meat inspection laws and animal disease regulations.

As a member of the European Economic Community, France's trade policy is being influenced by the Common Agricultural Policy (CAP) trade regulations in the Common Market. The CAP variable levy system which often restricts agricultural trade with non-EEC countries currently applies to grains, rice, poultry and eggs, dairy products, pork, and beef and veal, and probably will be extended to include other commodities.

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